

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|-----------------|
| THE APPLICATION OF THE UNION LIGHT, |) | |
| HEAT AND POWER COMPANY FOR AN ORDER |) | CASE NO. 92-418 |
| AUTHORIZING ISSUE OF CAPITAL STOCK |) | |

O R D E R

On September 24, 1992, The Union Light, Heat and Power Company ("ULH&P") filed its application for authority to issue and sell up to 200,000 shares of capital stock, par value \$15 per share, in one or more transactions from time to time through December 31, 1994. The stock would be sold at \$150 per share to The Cincinnati Gas and Electric Company.

ULH&P also filed on September 24, 1992 an application for authority to issue up to \$40 million in First Mortgage Bonds in Case No. 92-417.¹ Hence, ULH&P seeks to issue an aggregate principal amount of \$70 million in new securities. The proceeds from the sale of securities would be used to repay short-term debt, including approximately \$21,000,000 outstanding as of September 30, 1992; to redeem ULH&P's \$10,000,000 First Mortgage Bonds 9-1/2 percent series due December 1, 2008 and \$20,000,000 First Mortgage Bonds 9.70 percent series due July 1, 2019 if interest rates remain favorable; to retire at maturity ULH&P's \$6,500,000 First Mortgage

¹ The Application of The Union Light, Heat and Power Company for an Order Authorizing Issue and Sale of Up to \$40,000,000 Principal Amount of First Mortgage Bonds.

Bonds 4-3/8 percent series due July 1, 1993; and to fund construction expenditures and other general corporate purposes. Attached as Appendix A is ULH&P's approved construction budget totalling over \$61,000,000. However, ULH&P has announced reductions of approximately \$7,900,000 in 1993 and \$10,800,000 in 1994 from this budget. The specific projects to be delayed have not yet been identified.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by ULH&P of up to 200,000 shares of its \$15 par value capital stock are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. ULH&P be and it hereby is authorized to issue and sell up to 200,000 shares of capital stock, \$15 par value, in one or more transactions through December 31, 1994 at a sales price of \$150 per share.

2. ULH&P shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

3. ULH&P shall file, within 30 days of approval, its revised construction budget reflecting the delayed projects and pending projects.

4. ULH&P shall, within 15 days prior to any issuance referred to herein, notify the Commission of the pending issuance and the intended use of the proceeds.

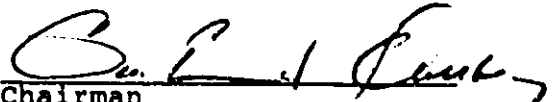
5. ULH&P shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the purchasers, and a detailed statement of all costs and expenses involved in the issuance and distribution.

6. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

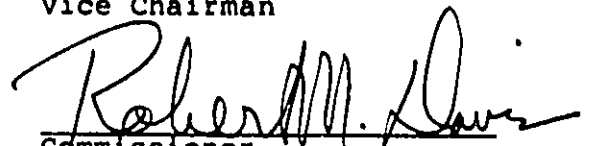
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky on any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 16th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-418 DATED November 16, 1992.

THE UNION LIGHT, HEAT AND POWER COMPANY ESTIMATED CONSTRUCTION EXPENDITURES

| | <u>1993</u> | <u>1994</u> |
|--|-------------------------------|-------------|
| | <u>(Thousands of Dollars)</u> | |
| <u>ELECTRIC</u> | | |
| Miscellaneous improvements to distribution system (projects projected to cost less than \$100,000 each) | 7,709 | 8,016 |
| Augustine Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, extend and reconfigure the existing Augustine 13 kV feeders, converting 4 kV load to 13 kV. Located in Kenton County, Kentucky | 2,025 | 815 |
| Hebron Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, and two 13 kV feeders and associated substation and distribution equipment. Located in Boone County, Kentucky | 2,371 | - |
| Turfway Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, and two 13 kV feeders and associated substation and distribution equipment. Located in Boone County, Kentucky | 1,040 | 2,280 |
| White Tower Substation and feeder: Install a 69-13.2 kV, 10.5 MVA transformer, and one 13 kV feeder and associated substation and distribution equipment. Located in Kenton County, Kentucky | 46 | 920 |
| Kenton Substation and feeder: Install a 69-13.2 kV, 33.3 MVA transformer, and one 13 kV feeder and associated substation and distribution equipment. Located in Kenton County, Kentucky | 190 | 1,319 |

| | | |
|---|----|-------|
| Alexandria South Substation and feeder: Install a 69-13.2 kV, 10.5 MVA transformer, and one 13 kV feeder and associated sub- station and distribution equipment. Located in Campbell County, Kentucky | 72 | 1,346 |
|---|----|-------|

| | | |
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| Highway improvements to accommodate planned improvements by governmental bodies in our service area. Various counties in Kentucky | - | 1,635 |
|--|---|-------|

| | | |
|----------------|---------------|---------------|
| Other projects | <u>1,929</u> | <u>1,933</u> |
| | <u>15,382</u> | <u>18,264</u> |

GAS

| | | |
|---|-------|-------|
| Miscellaneous improvements to distri- bution system including mains, line extensions, regulators, over-pressure protection, etc. | 9,231 | 9,646 |
|---|-------|-------|

| | | |
|--|-----|---|
| Replace steel main due to street improve- ment by the State of Kentucky | 625 | - |
|--|-----|---|

| | | |
|--|-------|---|
| Replace main in conjunction with Kentucky Department of Transportation planned improvements of Route U.S. 27 | 1,050 | - |
|--|-------|---|

| | | |
|----------------|---------------|---------------|
| Other projects | <u>1,698</u> | <u>2,169</u> |
| | <u>12,604</u> | <u>11,815</u> |

COMMON

| | | |
|-------------------------------------|-------|---|
| Install new customer service system | 3,023 | - |
|-------------------------------------|-------|---|

| | | |
|----------------|--------------|------------|
| Other projects | <u>358</u> | <u>363</u> |
| | <u>3,381</u> | <u>363</u> |

| | | |
|-------|---------------|---------------|
| TOTAL | <u>31,367</u> | <u>30,442</u> |
|-------|---------------|---------------|